

Exhibit 6K

Excerpts of July 18, 2014 J. Hill Deposition Transcript

<p style="text-align: right;">Page 1</p> <p>1 JOHN W. HILL 2 UNITED STATES BANKRUPTCY COURT 3 FOR THE EASTERN DISTRICT OF MICHIGAN 4 - - - 5 In Re:) Chapter 9 6 7 City of Detroit, Michigan,) 8 9 Debtor.) Hon. Steven Rhodes 10 _____ 11 12 13 The Videotaped deposition of JOHN W. HILL 14 Taken at 51 Louisiana Avenue, N.W., 15 Washington, D.C. 16 Commencing at 9:03 a.m. 17 Friday, July 18, 2014 18 Before: Gail L. Inghram Verbano 19 Registered Diplomat Reporter, 20 Certified Realtime Reporter, 21 Certified Shorthand Reporter-CA (No. 8635) 22 23 24 25</p>	<p style="text-align: right;">Page 3</p> <p>1 JOHN W. HILL 2 DAN BARNOWSKI, ESQ. 3 DENTONS US, LLP 4 1301 K Street, N.W. 5 Suite 600, East Tower 6 Washington, D.C. 20005 7 Appearing on behalf of the Retiree Committee. 8 9 10 11 DOUGLAS SMITH, ESQ. 12 KIRKLAND & ELLIS, LLP 13 300 North LaSalle 14 Chicago, Illinois 60654 15 Appearing on behalf of Syncora Guarantee, Inc., 16 and Syncora Capital Assurance, Inc. 17 18 19 20 21 22 23 24 25</p>
<p style="text-align: right;">Page 2</p> <p>1 JOHN W. HILL 2 APPEARANCES: 3 4 FRANK J. GUADAGNINO, ESQ. 5 CLARK HILL, PLC 6 301 Grant Street, 14th Floor 7 Pittsburgh, PA 15219 8 Appearing on behalf of the Retirement Systems 9 for the City of Detroit. 10 11 12 13 GEOFFREY S. STEWART, ESQ., 14 DAN T. MOSS, ESQ., 15 BENJAMIN FRIEDMAN, ESQ. 16 JONES DAY 17 51 Louisiana Avenue, Northwest 18 Washington, D.C. 20001 19 Appearing on behalf of the Debtor and the Witness. 20 21 22 23 24 25</p>	<p style="text-align: right;">Page 4</p> <p>1 JOHN W. HILL 2 MICHAEL BHARGAVA, ESQ., 3 ANA VUCETIC (Law Clerk), 4 MOLLY FEIDEN (law Clerk) 5 CHADBOURNE & PARKE, LLP 6 1200 New Hampshire Avenue, NW 7 Washington, D.C. 20036 8 Appearing on behalf of Creditor Assured 9 Guaranty. 10 11 12 13 TELEPHONIC APPEARANCES: 14 15 16 BRENDA L. FUNK, ESQ. 17 WEIL, GOTSHAL & MANGES, LLP 18 700 Louisiana, Suite 1700 19 Houston, Texas 77002 20 Appearing on behalf of Financial Guaranty 21 Insurance Company. 22 23 24 25</p>

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<p style="text-align: right;">Page 137</p> <p>1 JOHN W. HILL 2 emergency management, yes. Yeah, absolutely. 3 Q. The -- if you look at Page 5 of the 4 consensus report, there's a section on wagering 5 taxes. Do you see that? 6 A. Yes. 7 Q. At the end of that section it says "The 8 turnaround is expected in fiscal year 2016 with 9 the consensus projecting 1.5 percent growth in 10 wagering tax revenues." 11 Do you see that? 12 A. Yes. 13 Q. Is that a reasonable projection? 14 A. I believe that it is. 15 Q. Okay. Do you agree that everyone 16 participating in the consensus conference used 17 different methodologies to estimate revenues? 18 A. Yes. 19 Q. Is there a reason that the consensus 20 conference doesn't estimate or forecast 21 expenditures? 22 A. Because it's a revenue estimation 23 conference. 24 Q. Okay. The -- on Page 11 of the 25 document, there's a section on potential upward</p>	<p style="text-align: right;">Page 139</p> <p>1 JOHN W. HILL 2 restructuring initiatives in the plan, so you'd 3 have to implement those strategies in order to 4 increase the collections. 5 The way -- so the way it's constructed 6 there in the plan, there are additional -- there 7 are initiatives that would have additional revenue 8 associated with them for collection of 9 receivables. 10 Q. And does the plan assume that the City 11 will obtain piggybacking of tax collections from 12 the State? 13 A. I don't remember if that piece is 14 actually in the plan or whether it came after. I 15 can't say -- 16 Q. Okay. 17 A. -- offhand. But there is an effort 18 underway to have a piggyback effort with the 19 State. 20 Q. Okay. And what's the status of the 21 City's efforts to have the State piggyback tax 22 collection for the City on its State return? 23 A. There's agreement in concept. We have 24 started -- the potential forms that could be used 25 have been discussed, and so there's planning for</p>
<p style="text-align: right;">Page 138</p> <p>1 JOHN W. HILL 2 adjustments to forecasts. 3 Do you see that? 4 A. Yes. 5 Q. "The consensus conference concluded that 6 ongoing improvements in collection efforts in 7 fiscal year 2013 should net additional income tax 8 revenues not currently reflected in the consensus 9 estimates." 10 Do you see that? 11 A. These -- yeah. But this is -- this is 12 in context of the risk to the forecast, things 13 that could happen on either side of the forecast. 14 And so it wasn't a conclusion that this would 15 happen. It's that this is a risk and a 16 possibility. 17 Q. Okay. 18 A. That's -- 19 Q. And do you -- well, do you agree that 20 the income tax collections could well improve more 21 than is forecasted in any of the forecasts? 22 A. Well, there are -- there are dollars in 23 the plan associated with improving collections of 24 taxes. They're not in the projected revenues of 25 the plan, but they're in the con -- they're in the</p>	<p style="text-align: right;">Page 140</p> <p>1 JOHN W. HILL 2 implementation. 3 Q. Okay. So people are involved in 4 drafting the actual forms that would be used for 5 piggybacking the tax? 6 A. Yes. 7 Q. And have there been revisions back and 8 forth with those forms already? 9 A. Yes. 10 Q. And when do you contemplate that that 11 will be set up, the piggybacking of the tax? 12 A. It's -- it's the taxes that are -- the 13 returns that are done in -- I think it's 2016 -- 14 that are for the 2015 tax year. But I have to -- 15 I'm within a year or so of the actual date. But 16 it's within the next two to three years. 17 Q. Okay. And piggybacking the tax 18 collection should increase income tax revenues for 19 the City; correct? 20 A. That's the hope, yes. 21 Q. And when you piggyback the tax 22 collections with the State, does that mean that 23 the City income tax will then be withheld by 24 employers? Or how does that work? Maybe you can 25 explain --</p>

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<p style="text-align: right;">Page 141</p> <p>1 JOHN W. HILL</p> <p>2 A. No, not necessarily.</p> <p>3 Q. Can you explain what piggybacking the</p> <p>4 tax collections means?</p> <p>5 A. It means that any separate form by the</p> <p>6 City for income taxes would go away and that that</p> <p>7 would be a schedule for computing taxes on your</p> <p>8 State return. And so you would pay your Detroit</p> <p>9 taxes when you pay your State taxes.</p> <p>10 Q. And how does that help to improve tax</p> <p>11 collections for the City?</p> <p>12 A. It could identify non-filers, because</p> <p>13 anyone who has a Detroit address would also then</p> <p>14 be expected to file a return for Detroit.</p> <p>15 And then the State's collection efforts,</p> <p>16 meaning that any withholding that occurs, whether</p> <p>17 it's from the State or from City, could be used to</p> <p>18 support the payment of the city taxes as well.</p> <p>19 Q. Okay. So --</p> <p>20 A. It comes down to one liability.</p> <p>21 Q. So under the piggybacking proposal,</p> <p>22 there would be withholding of money that would be</p> <p>23 available to pay the City income tax; is that</p> <p>24 correct?</p> <p>25 MR. STEWART: Objection.</p>	<p style="text-align: right;">Page 143</p> <p>1 JOHN W. HILL</p> <p>2 \$140 million was being lost by the City in income</p> <p>3 tax revenue because people who lived in the city</p> <p>4 but worked outside the city weren't paying the</p> <p>5 tax; correct?</p> <p>6 A. I'd have to look at that study again to</p> <p>7 see if that number is correct. But yeah, I'd have</p> <p>8 to look at it again.</p> <p>9 Q. I mean, what are the numbers you've seen</p> <p>10 in terms of revenue losses for reverse commuters</p> <p>11 who don't pay the taxes?</p> <p>12 A. I haven't -- I haven't seen -- you know,</p> <p>13 I've seen revenue numbers as a part of the</p> <p>14 MacKenzie report. I just don't remember the exact</p> <p>15 number that was in the report.</p> <p>16 Q. You do remember it was tens of millions</p> <p>17 of dollars that was being lost as a result of</p> <p>18 reverse commuters not paying taxes?</p> <p>19 A. I remember that there was a potential</p> <p>20 for, I'll say, millions of dollars in</p> <p>21 noncompliant -- noncompliance with the City's tax</p> <p>22 rules.</p> <p>23 Q. Is there any legislative change that</p> <p>24 needs to be done to accomplish piggybacking, or is</p> <p>25 that just something that the State will do</p>
<p style="text-align: right;">Page 142</p> <p>1 JOHN W. HILL</p> <p>2 THE WITNESS: It's not completely</p> <p>3 accurate.</p> <p>4 BY MR. SMITH:</p> <p>5 Q. Okay. Maybe you can explain to me how</p> <p>6 piggybacking makes money available to pay the City</p> <p>7 income tax.</p> <p>8 A. It is a consolidated return. So the two</p> <p>9 ways that it could help -- and there may be</p> <p>10 others. The two ways that it would help would be</p> <p>11 you'd be able to identify people who live in</p> <p>12 Detroit who aren't filing a City return but yet</p> <p>13 they're filing a State return, so non-filers.</p> <p>14 Ask then you'd also, since it's one</p> <p>15 number and one check on the return, then you'd be</p> <p>16 able to offset any withholdings above and -- any</p> <p>17 withholdings against the amount that's remitted to</p> <p>18 the State. So it's those two --</p> <p>19 Q. And there are numerous people who were</p> <p>20 living in Detroit and working outside of Detroit</p> <p>21 who aren't paying the City income tax; correct?</p> <p>22 A. I don't know the actual number, but the</p> <p>23 projection's that there are some.</p> <p>24 Q. And there's been a study by MacKenzie</p> <p>25 that was indicating that it was as much as</p>	<p style="text-align: right;">Page 144</p> <p>1 JOHN W. HILL</p> <p>2 administratively?</p> <p>3 A. I don't know the specifics of how it</p> <p>4 would be actually implemented. I'd have to only</p> <p>5 assume. But they're lawyers that are working on</p> <p>6 that. I'm not a lawyer.</p> <p>7 Q. The State has agreed to do the</p> <p>8 piggybacking; is that fair to say?</p> <p>9 A. Yes. There has been agreement to move</p> <p>10 forward and get -- try to get to implementation.</p> <p>11 Q. And the Governor and the emergency</p> <p>12 manager both recognize that piggybacking is an</p> <p>13 important way to increase revenues for the City of</p> <p>14 Detroit; correct?</p> <p>15 MR. STEWART: Objection.</p> <p>16 THE WITNESS: Yeah. I don't -- I don't</p> <p>17 know what -- what the Governor's -- what's in</p> <p>18 the Governor's mind. I do know that it's an</p> <p>19 initiative that is being supported by the</p> <p>20 emergency manager.</p> <p>21 BY MR. SMITH:</p> <p>22 Q. Okay. The emergency manager recognizes</p> <p>23 that piggybacking is an important mechanism for</p> <p>24 increasing revenues available to the City of</p> <p>25 Detroit; correct?</p>

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<p style="text-align: right;">Page 145</p> <p>1 JOHN W. HILL</p> <p>2 A. It is one way to help increase revenues</p> <p>3 to the City. There's no -- yes. But when you say</p> <p>4 "important," it puts it in relationship to other</p> <p>5 things. But the -- yes. It's -- it's a way to</p> <p>6 help improve tax compliance and tax collection</p> <p>7 which would consequently improve revenues.</p> <p>8 Q. Can you identify any revenue initiative</p> <p>9 that's in the stages of being planned that's more</p> <p>10 important in terms of the dollar amounts to the</p> <p>11 City, the incremental dollar amounts, than</p> <p>12 piggybacking the tax?</p> <p>13 A. Yeah. If you look at the -- the Plan of</p> <p>14 Adjustment has a number of initiatives that are</p> <p>15 expected to improve revenue that would be higher</p> <p>16 at least in the plan than you would expect from</p> <p>17 the piggyback tax.</p> <p>18 Q. Outside of the Plan of Adjustment,</p> <p>19 though, can you identify any initiative that's</p> <p>20 projected to bring more revenue into the City than</p> <p>21 piggybacking tax collections?</p> <p>22 A. There is one other initiative that we've</p> <p>23 talked about, which we're still in conversation</p> <p>24 with the State about, which is the -- the</p> <p>25 withholding, requiring any employer to withhold</p>	<p style="text-align: right;">Page 147</p> <p>1 JOHN W. HILL</p> <p>2 don't know who is talking to whom about it right</p> <p>3 now at this moment.</p> <p>4 Q. But you know that there are ongoing</p> <p>5 discussions to try to get a withholding of the</p> <p>6 City income tax; is that correct?</p> <p>7 A. I know that that's something the City</p> <p>8 would like to have done, yes.</p> <p>9 Q. And the City is lobbying the State to</p> <p>10 withhold the City income tax because it would</p> <p>11 increase City income tax revenue; correct?</p> <p>12 MR. STEWART: Objection.</p> <p>13 THE WITNESS: I don't know exactly what</p> <p>14 lobbying is going on. I just know that there</p> <p>15 are discussions, and who -- who they're</p> <p>16 lobbying, I don't exactly know.</p> <p>17 BY MR. SMITH:</p> <p>18 Q. The City has requested that the State</p> <p>19 withhold the City income tax because it would</p> <p>20 increase revenue to the City; correct?</p> <p>21 A. The State isn't withholding City income</p> <p>22 tax.</p> <p>23 Q. No. Why is the City asking the State to</p> <p>24 withhold City income tax?</p> <p>25 MR. STEWART: Objection.</p>
<p style="text-align: right;">Page 146</p> <p>1 JOHN W. HILL</p> <p>2 taxes for any person working -- to withhold local</p> <p>3 taxes. And so that is also an initiative that</p> <p>4 could result in greater compliance.</p> <p>5 Q. Has the State agreed to implement the</p> <p>6 withholding of taxes?</p> <p>7 A. It's a legislative initiative. So until</p> <p>8 the law has passed, you don't know if the State</p> <p>9 has agreed to it or not.</p> <p>10 Q. Is the Governor supporting a law that</p> <p>11 would require withholding of City income tax?</p> <p>12 A. I know that there are conversations</p> <p>13 about it. I don't know how the Governor is going</p> <p>14 to come down on it.</p> <p>15 Q. What are the ongoing conversations about</p> <p>16 withholding the tax -- the income tax for the City</p> <p>17 of Detroit?</p> <p>18 A. They are at -- there were conversations</p> <p>19 that occurred prior to -- prior to this</p> <p>20 legislation that was put through on the Control</p> <p>21 Board and the CFO. And those were conversations,</p> <p>22 the ones that I'm aware of, are the ones that</p> <p>23 occurred with the Mayor and the Governor and Kevyn</p> <p>24 Orr.</p> <p>25 But beyond that on an ongoing basis, I</p>	<p style="text-align: right;">Page 148</p> <p>1 JOHN W. HILL</p> <p>2 THE WITNESS: The City isn't asking the</p> <p>3 State to withhold income tax.</p> <p>4 BY MR. SMITH:</p> <p>5 Q. The City wants the State to require</p> <p>6 withholding of the City income tax because it</p> <p>7 would generate increased revenue for the City;</p> <p>8 correct?</p> <p>9 A. To -- yes.</p> <p>10 Q. Okay. The -- has the City asked the</p> <p>11 State to increase income tax rates?</p> <p>12 A. I know of no discussions about</p> <p>13 increasing income tax rates. I don't know that --</p> <p>14 I don't know of any discussions about that.</p> <p>15 Q. And has the City asked the State to --</p> <p>16 the City did have -- there was an increase in the</p> <p>17 corporate tax rate; is that correct?</p> <p>18 A. I'd have to go back to my -- to the</p> <p>19 rates and actually look at it; but yes, I believe</p> <p>20 there was.</p> <p>21 Q. And why was there an increase to the</p> <p>22 corporate tax rate?</p> <p>23 A. Again, I'd have to -- I'd have to look</p> <p>24 at that specific one in my documents. I couldn't</p> <p>25 tell you offhand.</p>

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<p style="text-align: right;">Page 149</p> <p>1 JOHN W. HILL</p> <p>2 Q. Is the City, on an ongoing basis, asking</p> <p>3 the State to increase any tax rates?</p> <p>4 A. I don't -- I know of no discussions with</p> <p>5 the State about increasing taxes.</p> <p>6 Q. Okay. Has the City asked the State to</p> <p>7 cooperate in imposing any new taxes?</p> <p>8 A. I don't know of any discussions about</p> <p>9 that.</p> <p>10 Q. Has the City had discussions with the</p> <p>11 State about reducing tax rates?</p> <p>12 A. I've not been a party to those</p> <p>13 discussions if they're occurring.</p> <p>14 Q. I mean, would you recommend that,</p> <p>15 reducing tax rates in the city?</p> <p>16 A. You'd have to study it and look at the</p> <p>17 impact. You know, you'd have to study it and look</p> <p>18 at the impact.</p> <p>19 Q. You haven't done any study looking at</p> <p>20 the impact of increasing or reducing tax rates in</p> <p>21 the city; correct?</p> <p>22 A. I have not.</p> <p>23 Q. And you're not aware of the City --</p> <p>24 anybody at the City doing that, are you?</p> <p>25 A. I'm not aware of any study.</p>	<p style="text-align: right;">Page 151</p> <p>1 JOHN W. HILL</p> <p>2 Q. Okay. I'm just wondering why this</p> <p>3 section is in the report about accounts</p> <p>4 receivable, if you know.</p> <p>5 A. Yeah. And the section is in the report</p> <p>6 about -- because accounts receivable right now</p> <p>7 is -- the records for accounts receivable across</p> <p>8 the City are in different places. And there are</p> <p>9 departmental accounts receivable that are managed,</p> <p>10 and they're not all within the central accounts</p> <p>11 receivable system.</p> <p>12 That's one of the issues that we're</p> <p>13 facing in the redesign of our financial management</p> <p>14 system to make sure that we have centralized</p> <p>15 control over accounts receivable. And that was --</p> <p>16 I know that was part of the issue in pulling, you</p> <p>17 know, this information together.</p> <p>18 Q. And as far as you know, no one has tried</p> <p>19 to tally up all the money that's owed to the City</p> <p>20 in the accounts receivable spread across the</p> <p>21 various departments, have they?</p> <p>22 A. Sure. I mean, there's -- in the</p> <p>23 financial statements, there's a number that's</p> <p>24 consolidated for accounts receivable that's a part</p> <p>25 of each financial statement, so that is across the</p>
<p style="text-align: right;">Page 150</p> <p>1 JOHN W. HILL</p> <p>2 Q. There's -- did you refuse to provide the</p> <p>3 consensus conference with an estimate of accounts</p> <p>4 receivable?</p> <p>5 A. Did I refuse?</p> <p>6 Q. Well, I don't mean -- in a pejorative</p> <p>7 sense, I'm just -- if you look at Page 12 of the</p> <p>8 conference report, at the top, there's a section</p> <p>9 on delinquent receivables and it says "For</p> <p>10 purposes of the revenue estimating conference, the</p> <p>11 City of Detroit Finance Department Treasury</p> <p>12 Division has deemed it prudent not to provide an</p> <p>13 estimate on the collection of delinquent accounts</p> <p>14 receivable due to the following factors."</p> <p>15 Do you see that?</p> <p>16 A. Yeah. But that was not a refusal.</p> <p>17 Q. Okay.</p> <p>18 A. It wasn't provided.</p> <p>19 Q. And did the consensus conference ask you</p> <p>20 to provide an estimate about accounts receivable</p> <p>21 that were outstanding?</p> <p>22 A. No one in the consensus conference asked</p> <p>23 me for that. Whether there were other people</p> <p>24 within my department that were asked that, I don't</p> <p>25 know; but no one asked me for that.</p>	<p style="text-align: right;">Page 152</p> <p>1 JOHN W. HILL</p> <p>2 entire City.</p> <p>3 Q. And about how much money is owed to the</p> <p>4 City in the accounts receivable? Would it be</p> <p>5 hundreds of millions of dollars?</p> <p>6 A. I can't tell you that. I'd have to look</p> <p>7 at the financial statement and give you the</p> <p>8 number.</p> <p>9 Q. I guess what I'm wondering is if it's in</p> <p>10 the financial statements, you know, why wouldn't</p> <p>11 you just give the revenue conference the number</p> <p>12 that's in the financial statements?</p> <p>13 A. Because the financial statements -- they</p> <p>14 have the information that's in the financial</p> <p>15 statements. But the financial statements -- we're</p> <p>16 working on the audit for fiscal year 2013.</p> <p>17 Q. Oh, yeah.</p> <p>18 A. So it's not the current numbers.</p> <p>19 Q. Okay. So nobody knows currently how</p> <p>20 much money the City of Detroit is owed; is that</p> <p>21 correct?</p> <p>22 A. No. That's not correct.</p> <p>23 Q. I mean, is there a current sum that</p> <p>24 anybody has calculated for the amount that the</p> <p>25 City of Detroit is owed in accounts receivable</p>

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<p style="text-align: right;">Page 169</p> <p>1 JOHN W. HILL</p> <p>2 who are improperly claiming the homestead</p> <p>3 exemption to reduce their property taxes?</p> <p>4 A. I haven't looked at that specific issue.</p> <p>5 I haven't looked at that.</p> <p>6 Q. Has anybody in the City investigated</p> <p>7 whether people are improperly claiming homestead</p> <p>8 exemption to reduce their property taxes?</p> <p>9 A. I've not seen that report.</p> <p>10 Q. And you're not aware of an investigation</p> <p>11 of that, one way or the other?</p> <p>12 A. I'm not. Not at this point.</p> <p>13 Q. Utility user's tax, are there any</p> <p>14 exemptions or reductions for that?</p> <p>15 A. I know that there are -- I know that</p> <p>16 there are. I couldn't tell you specifically which</p> <p>17 ones there are.</p> <p>18 Q. What about the wagering tax? Are there</p> <p>19 exemptions or reductions for that?</p> <p>20 A. Not that I'm aware of.</p> <p>21 Q. Are there exemptions or reductions for</p> <p>22 the corporate tax?</p> <p>23 A. I know there are exemptions based on the</p> <p>24 type business, but I couldn't tell you which</p> <p>25 specific ones.</p>	<p style="text-align: right;">Page 171</p> <p>1 JOHN W. HILL</p> <p>2 It remains to be seen how they grow and</p> <p>3 what impact that might have on the tax structure.</p> <p>4 Q. So would that be another uncertainty in</p> <p>5 terms of the forecasting, the growth of new</p> <p>6 businesses?</p> <p>7 A. That is an uncertainty, yes.</p> <p>8 Q. And do you agree that there are a number</p> <p>9 of uncertainties with respect to the forecasts in</p> <p>10 this case?</p> <p>11 A. I would agree that that's the nature of</p> <p>12 a forecast.</p> <p>13 Q. Is the State engaged in any ongoing</p> <p>14 efforts to help bring new business and jobs to the</p> <p>15 City of Detroit?</p> <p>16 A. I am -- I'm not specifically aware of</p> <p>17 the specific efforts, so I wouldn't know. I</p> <p>18 wouldn't be able to answer that.</p> <p>19 Q. Is the federal government engaged in any</p> <p>20 ongoing efforts to bring new businesses and jobs</p> <p>21 to the City?</p> <p>22 A. Yes.</p> <p>23 Q. What kind of activities?</p> <p>24 A. Certainly the work around grants that's</p> <p>25 being done with some of the federal departments</p>
<p style="text-align: right;">Page 170</p> <p>1 JOHN W. HILL</p> <p>2 Q. Are there private and nonprofit entities</p> <p>3 engaged in significant efforts to bring new</p> <p>4 businesses and jobs to the City of Detroit?</p> <p>5 A. Yes.</p> <p>6 Q. And what kind of private entities and</p> <p>7 nonprofits are doing that?</p> <p>8 A. Certainly the efforts that are occurring</p> <p>9 with Quicken and their incubation of private</p> <p>10 companies; and some of the properties that they</p> <p>11 own is a major effort to try to create businesses</p> <p>12 here and to improve the growth of those</p> <p>13 businesses.</p> <p>14 There are a number of organizations that</p> <p>15 are providing grants to businesses to come into</p> <p>16 the city. And then also foundations are providing</p> <p>17 resources to be able to work on business</p> <p>18 attraction as well.</p> <p>19 Q. Are the efforts by private entities --</p> <p>20 have they been successful in terms of increasing</p> <p>21 the potential for future increase in business in</p> <p>22 the city?</p> <p>23 A. There have been new businesses that have</p> <p>24 come into the city as a result of that and that</p> <p>25 are being created.</p>	<p style="text-align: right;">Page 172</p> <p>1 JOHN W. HILL</p> <p>2 could have the impact of bringing new jobs to the</p> <p>3 City. That's the one that I know of specifically.</p> <p>4 Q. What grants are there that have the</p> <p>5 impact of bringing new jobs to the City in the</p> <p>6 future?</p> <p>7 A. Grants around transportation, to be able</p> <p>8 to expand the number of buses and bus routes;</p> <p>9 grants around the M1 line, which would bring</p> <p>10 people from outside of the city into the city to</p> <p>11 work. And so those are all efforts that the</p> <p>12 federal government is involved in and the City is</p> <p>13 involved.</p> <p>14 Q. What's the current status of the M1 line</p> <p>15 project?</p> <p>16 A. I know that it's applied for certain</p> <p>17 grant funding. I also know that all of the</p> <p>18 funding needed has not been identified yet.</p> <p>19 Q. Is it correct that there are grants that</p> <p>20 are given to the -- by the federal government to</p> <p>21 entities other than the City that could have the</p> <p>22 effect of increasing the City's revenues or</p> <p>23 reducing its costs?</p> <p>24 A. You'd have to tell me the specific</p> <p>25 grants.</p>

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<p style="text-align: right;">Page 173</p> <p>1 JOHN W. HILL</p> <p>2 Q. Well, you're saying that there are these</p> <p>3 grants that could result in improving business and</p> <p>4 the economy of Detroit that private entities or</p> <p>5 other entities are receiving. You're aware of</p> <p>6 that; correct?</p> <p>7 A. Certainly the -- yes, absolutely.</p> <p>8 Q. And so there are grants the federal</p> <p>9 government gives to entities other than the City</p> <p>10 that in the future could have the effect of</p> <p>11 increasing the City's revenues or decreasing its</p> <p>12 costs; correct?</p> <p>13 A. Again, it's -- it could have the effect.</p> <p>14 And -- yes, efforts underway to have federal --</p> <p>15 federal grants that go to other entities could</p> <p>16 have an effect on the revenues in the city.</p> <p>17 Q. And have you ever heard of the Revised</p> <p>18 Judicature Act of 1961?</p> <p>19 A. No.</p> <p>20 Q. So you don't know what it provides?</p> <p>21 A. No. I'm not --</p> <p>22 Q. Do you know if the, one way or the</p> <p>23 other, whether the City has ever paid any</p> <p>24 judgments covered by the Revised Judicature Act?</p> <p>25 A. I know that the City has paid judgments</p>	<p style="text-align: right;">Page 175</p> <p>1 JOHN W. HILL</p> <p>2 in order to pay judgments against the City?</p> <p>3 A. I know that that has happened.</p> <p>4 Q. I mean, were you ever -- did you -- I</p> <p>5 mean -- but you can't give me any of the specifics</p> <p>6 of those instances where that's happened?</p> <p>7 A. No. Like I said, it was just in some</p> <p>8 materials that I was actually looking at, and I</p> <p>9 don't recall the specifics of it. But I do know</p> <p>10 that they were relatively small. And whenever</p> <p>11 that would be done, collectability is an issue.</p> <p>12 Q. Well, did the City pay those judgments?</p> <p>13 A. The judgments were paid, yes.</p> <p>14 Q. And the City paid the judgments by</p> <p>15 increasing property taxes in full?</p> <p>16 A. Yeah. And as I said, they were small.</p> <p>17 Q. But they -- the City paid them in full?</p> <p>18 A. Yes.</p> <p>19 Q. Do you know if the City used money from</p> <p>20 the general fund -- well, it raised property</p> <p>21 taxes, I guess, is the answer to that.</p> <p>22 Do you know whether there are instances</p> <p>23 where creditors threaten to invoke the law to</p> <p>24 require the City to pay judgments by increasing</p> <p>25 property taxes?</p>
<p style="text-align: right;">Page 174</p> <p>1 JOHN W. HILL</p> <p>2 before and -- but the name of the act I'm not</p> <p>3 familiar with.</p> <p>4 Q. Okay. What are you familiar with or</p> <p>5 what were you thinking of?</p> <p>6 A. I know that there have been a couple of</p> <p>7 instances where there have been judgments in which</p> <p>8 the City has increased property taxes in order to</p> <p>9 pay for those judgments, but I only know of a</p> <p>10 couple of instances.</p> <p>11 Q. What are those instances that you're</p> <p>12 aware of?</p> <p>13 A. I couldn't -- I couldn't give you the</p> <p>14 specifics of them. I know of -- I know of two.</p> <p>15 Q. Do you know when they occurred?</p> <p>16 A. Quite a while ago.</p> <p>17 And it was -- and it was in a -- a</p> <p>18 document that I was looking at, but I don't know</p> <p>19 the specifics of it.</p> <p>20 Q. Okay. But you know that the City can</p> <p>21 increase property tax to pay judgments against the</p> <p>22 City; correct?</p> <p>23 A. I know that that's a possibility.</p> <p>24 Q. And you know it's -- that the City can</p> <p>25 increase property taxes above statutory maximums</p>	<p style="text-align: right;">Page 176</p> <p>1 JOHN W. HILL</p> <p>2 A. I know of no specific lease. I'd have</p> <p>3 to know what you meant by threats.</p> <p>4 Q. Well, you mentioned that it actually</p> <p>5 occurred in two instances. And I'm just wondering</p> <p>6 whether there was a possibility of it occurring in</p> <p>7 any other instances other than the two?</p> <p>8 A. Not that I'm aware of. I wasn't here</p> <p>9 when it occurred. I just know from the documents</p> <p>10 I've read.</p> <p>11 Q. Okay.</p> <p>12 MR. STEWART: Do you want --</p> <p>13 MR. SMITH: Sure, we can.</p> <p>14 MR. STEWART: As you know, I never like</p> <p>15 to take breaks.</p> <p>16 MR. SMITH: But I think the court</p> <p>17 reporter deserves one.</p> <p>18 THE VIDEOGRAPHER: Going off the record</p> <p>19 at 12:59. This the end of Tape No. 3.</p> <p>20 MR. STEWART: So we had another minute.</p> <p>21 (Luncheon recess from 12:59 p.m. to</p> <p>22 1:35 p.m.)</p> <p>23 THE VIDEOGRAPHER: We are back on the</p> <p>24 record at 1:35. This is the beginning of</p> <p>25 Tape No. 4.</p>

Pages 173 to 176

<p style="text-align: right;">Page 245</p> <p>1 JOHN W. HILL</p> <p>2 file a financial statement."</p> <p>3 Do you see that?</p> <p>4 A. Yes.</p> <p>5 Q. What were the issues the City was</p> <p>6 dealing with in terms of its ability to file a</p> <p>7 financial statement?</p> <p>8 A. At this point it was -- let me take a</p> <p>9 minute to read it.</p> <p>10 Q. Yeah, sure.</p> <p>11 MR. SMITH: Would you guys mind taking a</p> <p>12 break now?</p> <p>13 MR. STEWART: Do you want to do it right</p> <p>14 now, or do you want to finish your question?</p> <p>15 MR. SMITH: No --</p> <p>16 MR. STEWART: Right now is fine.</p> <p>17 MR. SMITH: I want to do it right now.</p> <p>18 MR. STEWART: That's fine.</p> <p>19 THE VIDEOGRAPHER: Going off the record</p> <p>20 at 3:03. This is the end of Tape No. 4.</p> <p>21 (Short break taken.)</p> <p>22 THE VIDEOGRAPHER: We are back on the</p> <p>23 record at 3:15. This is the beginning of</p> <p>24 Tape No. 5.</p> <p>25 BY MR. SMITH:</p>	<p style="text-align: right;">Page 247</p> <p>1 JOHN W. HILL</p> <p>2 people in Detroit who are acting as liaisons to</p> <p>3 the federal government, and Don Graves was one of</p> <p>4 the people that was involved.</p> <p>5 Q. Who are the other people that are acting</p> <p>6 as liaison with Detroit and the federal government</p> <p>7 to try to improve Detroit's fiscal situation?</p> <p>8 A. It was Don Graves, who is the person I</p> <p>9 dealt with more; and then Gina -- and I'm blanking</p> <p>10 on her last name. "Giacocoa" or something like</p> <p>11 that. But it's -- Gina is her first name.</p> <p>12 Q. What's being discussed, you know, why --</p> <p>13 between these liaisons with the federal government</p> <p>14 and the City of Detroit?</p> <p>15 A. Mostly assistance that the federal</p> <p>16 government might be able to provide in either</p> <p>17 easing restrictions on certain grants or extending</p> <p>18 periods of time on certain grants that the City</p> <p>19 has. So those are some of the types of</p> <p>20 discussions.</p> <p>21 Q. What kind of easing of restrictions are</p> <p>22 you discussing with the federal government?</p> <p>23 A. It depends on the particular grant.</p> <p>24 But, you know, some of the grants expire on</p> <p>25 certain days. So we would ask the federal</p>
<p style="text-align: right;">Page 246</p> <p>1 JOHN W. HILL</p> <p>2 Q. Mr. Hill, do you recall what the date of</p> <p>3 your testimony before Congress was regarding the</p> <p>4 D.C. fiscal crisis?</p> <p>5 A. I had many testimonies before Congress</p> <p>6 on the D.C. fiscal crisis.</p> <p>7 Q. Okay. I mean approximately what years.</p> <p>8 What range of years would your testimony have</p> <p>9 occurred in?</p> <p>10 A. 1992 through 1994. Yeah.</p> <p>11 Q. Okay. And you believe you went up there</p> <p>12 multiple times to testify?</p> <p>13 A. I know I went up there multiple times.</p> <p>14 Q. You know there's a deputy assistant</p> <p>15 Treasury secretary named Don Graves?</p> <p>16 A. Yes.</p> <p>17 Q. And he's actually moved out to Detroit,</p> <p>18 right, to help you with your problems?</p> <p>19 A. No. He's -- he hasn't moved to Detroit.</p> <p>20 Q. Okay.</p> <p>21 A. He's -- he's not there now.</p> <p>22 Q. Is there going to be -- is there some</p> <p>23 sort of federal office that's being set up in</p> <p>24 Detroit, though?</p> <p>25 A. It's not a federal office. There are</p>	<p style="text-align: right;">Page 248</p> <p>1 JOHN W. HILL</p> <p>2 government if it's possible to extend the date for</p> <p>3 those grants. And then others, we were attempting</p> <p>4 to get additional grant money from the federal</p> <p>5 government to be able to buy buses; and allowing</p> <p>6 certain moneys to be spent on those buses. But</p> <p>7 there's a whole -- there are a number of things</p> <p>8 that we're working with the federal government on.</p> <p>9 Q. Is the City asking the federal</p> <p>10 government for extensions on the grants because</p> <p>11 it's so far not been able to adequately use the</p> <p>12 grant funds within the expiration time period?</p> <p>13 A. That would be one of the reasons for it,</p> <p>14 yeah. Asking for extensions, yeah.</p> <p>15 Q. How much money is at risk of having to</p> <p>16 be repatriated back to the federal government from</p> <p>17 federal grants right now if you don't get the</p> <p>18 extensions?</p> <p>19 A. For the most part the federal government</p> <p>20 has been very helpful in that -- in that regard.</p> <p>21 I don't -- I don't have a dollar figure for you.</p> <p>22 Q. Is it millions of dollars?</p> <p>23 A. Yeah. The numbers, some of the</p> <p>24 grants -- yeah, it's more than a million dollars</p> <p>25 on some of -- yeah. I couldn't -- I couldn't</p>

Pages 245 to 248

1 **JOHN W. HILL**
 2 **really -- other than saying that.**
 3 Q. What are the reasons that Detroit has
 4 been unable to utilize effectively grant money
 5 within the time limits under the grants?
 6 **A. One of the principal reasons has been**
 7 **planning on actually how the grant is going to be**
 8 **expended. And so because of the long procurement**
 9 **period that the City has in some of these items**
 10 **that they're buying, if you take a certain amount**
 11 **of time and do the plan and then you take a**
 12 **certain amount of time and procure, you could be**
 13 **quite a bit into the grant time period before the**
 14 **grant actually expires.**
 15 **So that would be one of the possible**
 16 **reasons.**
 17 Q. Okay. And what are the additional grant
 18 moneys you've been discussing with the federal
 19 government?
 20 **A. I know that there were discussions about**
 21 **grant money for the M1 that was part of the**
 22 **discussion, M1 line. And buses was a major one.**
 23 **There's a whole -- there's a list of items.**
 24 Q. Is there a long list of potential
 25 additional grants that you've been discussing with

1 **JOHN W. HILL**
 2 the federal government?
 3 **A. There's a question as to whether or not**
 4 **these are additional grants or whether it's**
 5 **allowing us to keep money that we would have lost**
 6 **otherwise, you know. So there's a long list of --**
 7 **there's a list of grants that would result in the**
 8 **City having more money than it would have if the**
 9 **grants -- if -- with the expiration of the grants.**
 10 Q. Some of the grants, the issue is whether
 11 the City is going to lose money if the grant
 12 expires without the City using the funds; correct?
 13 **A. Yes.**
 14 Q. And then some of the grants you're
 15 talking with the federal government about would be
 16 new money --
 17 **A. Yes.**
 18 Q. -- that would be incremental; correct?
 19 **A. Yes.**
 20 Q. And do you have an idea of what the
 21 total of the new money is?
 22 **A. I have not added it up, no. I've not.**
 23 Q. Are there a number of grants that fall
 24 into both categories, either grants where the City
 25 could lose money if it expires and grants that

1 **JOHN W. HILL**
 2 contain new money for the City?
 3 **A. Yes.**
 4 Q. And is there a list of these grants
 5 someplace?
 6 **A. There is a list.**
 7 Q. Who has got that list?
 8 **A. There's a list of requests that have**
 9 **been made to the feds on -- for help. So there's**
 10 **a master list of those requests, and that's being**
 11 **maintained now by the Mayor's staff. Would be**
 12 **Lisa Howze, who is the Mayor's -- used to be the**
 13 **Mayor's chief of staff, now the Mayor's liaison to**
 14 **Washington and to Lansing.**
 15 Q. And do you expect that the federal
 16 government is going to grant all these new grants
 17 and grant you the extensions on the old grants?
 18 **A. I don't know. I don't know.**
 19 Q. When do you think the City will know
 20 about that?
 21 **A. I don't know. It's their process.**
 22 Q. Who is the most involved with that
 23 process?
 24 **A. Right now would be the Mayor's staff.**
 25 **(Exhibit Hill-10 was marked for**

1 **JOHN W. HILL**
 2 **identification.)**
 3 BY MR. SMITH:
 4 Q. I'm going to hand you Exhibit 10, which
 5 is another exhibit. It's another email that's to
 6 you.
 7 You got that email, Exhibit 10?
 8 **A. Yes, I do.**
 9 Q. Before I go to the email, is the federal
 10 government being cooperative with the City and
 11 trying to help them with its fiscal situation?
 12 **A. The federal government has been**
 13 **cooperative.**
 14 Q. And are there activities the federal
 15 government is engaged in other than the grant
 16 activities that we've discussed, other ways the
 17 federal government is helping the City?
 18 **A. That's the -- that's the principal way.**
 19 **There are other activities that are going on --**
 20 **for instance, the federal government was**
 21 **instrumental in helping to pull together the CIOs**
 22 **of major cities and getting them here. They were**
 23 **very helpful with that. It was paid for by**
 24 **foundations. And out of that came a report on the**
 25 **City's' IT infrastructure. So, yeah, there are**

<p style="text-align: right;">Page 257</p> <p>1 JOHN W. HILL</p> <p>2 if it's a little i. You mean the last bullet</p> <p>3 point?</p> <p>4 MR. SMITH: Yeah. I mean, I'm saying</p> <p>5 it's Page 2, but it's the --</p> <p>6 MR. STEWART: I got it.</p> <p>7 MR. SMITH: It's ii --</p> <p>8 MR. STEWART: Okay.</p> <p>9 MR. SMITH: -- is what I was trying to</p> <p>10 say.</p> <p>11 You got it? Is everybody on the second</p> <p>12 page?</p> <p>13 MR. STEWART: I think it's this one</p> <p>14 right here.</p> <p>15 THE WITNESS: Yeah, yeah. Okay.</p> <p>16 BY MR. SMITH:</p> <p>17 Q. Do you see that statement?</p> <p>18 A. Uh-huh.</p> <p>19 Q. Do you know what money is being</p> <p>20 discussed here, the 100 million that could be</p> <p>21 freed up to divert from blight remediation to fund</p> <p>22 pension costs?</p> <p>23 A. I know what they're -- I know what</p> <p>24 they're talking about here. There were talks with</p> <p>25 the Administration about additional funding for</p>	<p style="text-align: right;">Page 259</p> <p>1 JOHN W. HILL</p> <p>2 City in grants for blight?</p> <p>3 A. No. That's the extent of my knowledge</p> <p>4 of that.</p> <p>5 Q. Okay. Have there been any changes to</p> <p>6 the City charter to try to improve the City's</p> <p>7 ability to deal with fiscal crisis?</p> <p>8 A. Yes.</p> <p>9 Q. What changes have those been?</p> <p>10 A. The legislation that was passed that</p> <p>11 implements the CFO's office and the Control Board</p> <p>12 would be a change to the City's charter.</p> <p>13 Q. In what way?</p> <p>14 A. It would create a CFO that doesn't exist</p> <p>15 in the charter, and it would create a relationship</p> <p>16 between the City and that Control Board that</p> <p>17 obviously doesn't exist in the charter.</p> <p>18 Q. And did the City of Detroit request that</p> <p>19 the Legislature pass that legislation?</p> <p>20 A. The Mayor supported the legislation.</p> <p>21 Q. Okay. And can you give me any</p> <p>22 explanation why the City of Detroit didn't have</p> <p>23 the Legislature include in that legislation</p> <p>24 measures to increase the City's revenues, such as</p> <p>25 increasing tax rates or doing withholding or some</p>
<p style="text-align: right;">Page 258</p> <p>1 JOHN W. HILL</p> <p>2 blight remediation, but the Council would not</p> <p>3 determine how that money would be used. It's --</p> <p>4 by any estimate, the cost of removing blight is</p> <p>5 much greater than the resources that are</p> <p>6 available.</p> <p>7 So it's not clear to me that additional</p> <p>8 blight funding from the federal government would</p> <p>9 result in other changes to the plan.</p> <p>10 But that's what they're saying.</p> <p>11 Q. But what was the \$100 million of</p> <p>12 potential additional blight money --</p> <p>13 A. It was a grant -- I think there was a --</p> <p>14 there were discussions about a grant from the feds</p> <p>15 for an additional 100 million.</p> <p>16 Q. And where do those discussions stand</p> <p>17 now?</p> <p>18 A. I don't know the current status of that.</p> <p>19 Q. I mean, has -- the City hasn't gotten</p> <p>20 this money yet and incorporated it into its</p> <p>21 forecast, I take it?</p> <p>22 A. I don't know. I'd have to research it.</p> <p>23 Q. Okay. Can you describe for me any more</p> <p>24 about what this \$100 million is that the Obama</p> <p>25 Administration was potentially going to give the</p>	<p style="text-align: right;">Page 260</p> <p>1 JOHN W. HILL</p> <p>2 of these other activities that could be used to</p> <p>3 increase revenues?</p> <p>4 A. Well, the package of bills did have</p> <p>5 additional money that would support the bankruptcy</p> <p>6 related to, you know, what was happening with DIA.</p> <p>7 So there were additional moneys as part</p> <p>8 of a package of bills.</p> <p>9 Q. And the City could have proposed</p> <p>10 additional measures in the legislative package to</p> <p>11 increase tax rates if it wanted; correct?</p> <p>12 A. Yes. The City could have proposed</p> <p>13 anything.</p> <p>14 Q. And do you have any idea why this -- I</p> <p>15 take it the City didn't propose additional</p> <p>16 revenue-generating measures other than what's in</p> <p>17 the legislation; correct?</p> <p>18 A. I know that there were discussions about</p> <p>19 additional revenue measures, and it was very</p> <p>20 unlikely that any additional measures would pass</p> <p>21 based on my discussions with the Mayor.</p> <p>22 Q. What additional revenue measures were</p> <p>23 discussed?</p> <p>24 A. I don't know the specifics of the</p> <p>25 revenue measures. It's just in a conversation</p>

Pages 257 to 260

<p style="text-align: right;">Page 261</p> <p>1 JOHN W. HILL</p> <p>2 with the Mayor he indicated to me that he -- that</p> <p>3 he did not propose additional revenue measures in</p> <p>4 that legislation because of -- that it was very</p> <p>5 unlikely that any of that would pass.</p> <p>6 Q. But you and the Mayor didn't discuss</p> <p>7 increasing tax rates?</p> <p>8 A. No.</p> <p>9 Q. And you didn't discuss requiring</p> <p>10 withholding?</p> <p>11 A. No.</p> <p>12 Q. Or other --</p> <p>13 A. Well, the Mayor and I have had</p> <p>14 discussions about requiring withholding, and</p> <p>15 requiring withhold -- but -- and there was draft</p> <p>16 legislation to do that. He did not believe that</p> <p>17 would have passed as part of this package.</p> <p>18 Q. And when was the draft legislation on</p> <p>19 withholding? When was that drafted?</p> <p>20 A. It was prior -- I don't know the exact</p> <p>21 time, but I know there was a proposal, legislative</p> <p>22 proposal to have other jurisdictions -- have other</p> <p>23 companies outside of the District have to --</p> <p>24 companies outside of Detroit have to withhold for</p> <p>25 people who lived in Detroit.</p>	<p style="text-align: right;">Page 263</p> <p>1 JOHN W. HILL</p> <p>2 office of the CFO project status that I wanted to</p> <p>3 ask you about.</p> <p>4 (Exhibit Hill-12 was marked for</p> <p>5 identification.)</p> <p>6 BY MR. SMITH:</p> <p>7 Q. If you look at the page that has the</p> <p>8 Bates number beginning -- well, actually, the</p> <p>9 Bates numbers are up in the corner here, so it</p> <p>10 might be hard to find. It's the page with</p> <p>11 POA00537590, basically looking at the chart that</p> <p>12 your office prepared of various projects?</p> <p>13 A. Right.</p> <p>14 Q. You got that?</p> <p>15 A. Yes.</p> <p>16 Q. The first two issues are the CAFR and</p> <p>17 single audit, and you say you were getting an</p> <p>18 extension on both of those. Do you see that?</p> <p>19 A. Yes.</p> <p>20 Q. Have we already discussed those, the</p> <p>21 CAFR and the -- I'm trying to figure out what the</p> <p>22 single audit is that you were getting an extension</p> <p>23 on.</p> <p>24 A. The single audit is the report that</p> <p>25 comes after and that's done after the CAFR, which</p>
<p style="text-align: right;">Page 262</p> <p>1 JOHN W. HILL</p> <p>2 Q. And was that legislation introduced at</p> <p>3 all?</p> <p>4 A. I don't know.</p> <p>5 Q. Did the City of Detroit support the</p> <p>6 draft legislation for requiring withholding?</p> <p>7 A. Yeah. The Mayor is supportive of that</p> <p>8 legislation. But it's withholding for all -- the</p> <p>9 way that it's crafted, it's withholding for all</p> <p>10 cities. It's not just for Detroit.</p> <p>11 Q. I mean, do you know whether there are</p> <p>12 plans to reintroduce -- or introduce the draft</p> <p>13 legislation that's been drafted?</p> <p>14 A. It is a proposal that the Mayor would</p> <p>15 like to have pass.</p> <p>16 Q. And who drafted the legislation? Was it</p> <p>17 somebody in the Legislature?</p> <p>18 A. I don't know. I don't know who drafted</p> <p>19 it.</p> <p>20 Q. Okay. Did the City draft the</p> <p>21 legislation?</p> <p>22 A. I don't know who drafted it.</p> <p>23 Q. I'm going to mark for you another</p> <p>24 document that's Exhibit 12, which is a -- it's got</p> <p>25 some documents attached, one of which is this</p>	<p style="text-align: right;">Page 264</p> <p>1 JOHN W. HILL</p> <p>2 is a review of internal controls around grants,</p> <p>3 grant's management.</p> <p>4 Q. Why were you getting an extension on</p> <p>5 that?</p> <p>6 A. Because it's based on the CAFR, so the</p> <p>7 CAFR has to be audited first; and then there's the</p> <p>8 audit of -- there's a single audit after that.</p> <p>9 Q. And the next-to-last item on this page</p> <p>10 is "Determine if taxpayers who have applied for</p> <p>11 property tax relief meet state and local</p> <p>12 guidelines. The City is currently identifying</p> <p>13 additional resources."</p> <p>14 Do you see that?</p> <p>15 A. Yes.</p> <p>16 Q. What's that item about?</p> <p>17 A. It's an item to take a look at whether</p> <p>18 or not all of the people that are getting hardship</p> <p>19 exemptions for taxes actually deserved the</p> <p>20 hardship exemptions, so it's actually a review of</p> <p>21 all of those taxpayers who have applied for</p> <p>22 property tax relief to make sure that they qualify</p> <p>23 for that.</p> <p>24 Q. And is the review of hardship exemptions</p> <p>25 for property taxes relief ongoing?</p>

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<p style="text-align: right;">Page 305</p> <p>1 JOHN W. HILL</p> <p>2 Do you see that?</p> <p>3 A. Yes.</p> <p>4 Q. And Ernst & Young, while it was working</p> <p>5 on this bankruptcy case, was participating in the</p> <p>6 discussions of the consensus revenue group; is</p> <p>7 that correct?</p> <p>8 A. They were in the room; yes.</p> <p>9 Q. And the purpose of having Ernst & Young</p> <p>10 in the room was to make sure that the revenue</p> <p>11 estimates that Ernst & Young did -- to make sure</p> <p>12 that the consensus group didn't adopt revenue</p> <p>13 estimates that were materially different from</p> <p>14 Ernst & Young's; correct?</p> <p>15 A. No.</p> <p>16 Q. What was the purpose of having Ernst &</p> <p>17 Young, then?</p> <p>18 A. To answer questions, if they had any</p> <p>19 questions, of Ernst & Young. But it wasn't to</p> <p>20 influence the group.</p> <p>21 Q. And Mr. Naglick said, quote, "EY (Shavi)</p> <p>22 takes part to keep the group on track with</p> <p>23 comparisons to Plan of Adjustment. They try to</p> <p>24 mainly listen to the point of view of the</p> <p>25 participants, but then keep them from taking a</p>	<p style="text-align: right;">Page 307</p> <p>1 JOHN W. HILL</p> <p>2 A. There was a point in time when people</p> <p>3 questioned whether or not we had it, and it was my</p> <p>4 decision to have it.</p> <p>5 Q. Okay. So people -- there were people at</p> <p>6 the City that questioned whether it was a good</p> <p>7 idea to have the consensus revenue conference;</p> <p>8 correct?</p> <p>9 A. Yes.</p> <p>10 Q. And you wanted to continue the</p> <p>11 conference so that you could make sure that it was</p> <p>12 consistent with what the revenue estimates were in</p> <p>13 the Plan of Adjustment?</p> <p>14 A. No.</p> <p>15 Q. What was your reason for continuing the</p> <p>16 conference?</p> <p>17 A. To make sure that the -- if there were</p> <p>18 major differences between the Plan of Adjustment</p> <p>19 and what the conference was projecting, then that</p> <p>20 we would be able to make changes in the plan. I</p> <p>21 wasn't -- I wasn't -- I tried very hard not to</p> <p>22 influence the process at all, because I wanted</p> <p>23 them to dig into those revenues. And I wanted</p> <p>24 them to feel free to come up with differences,</p> <p>25 because it's better to know that now than to have</p>
<p style="text-align: right;">Page 306</p> <p>1 JOHN W. HILL</p> <p>2 totally different view from revenues in the plan."</p> <p>3 Is that an accurate statement of Ernst &</p> <p>4 Young's role?</p> <p>5 A. Not exactly. They were to explain what</p> <p>6 was in the plan so that -- Ernst & Young's role,</p> <p>7 they were there to explain what was in the plan so</p> <p>8 that they would be able to understand what</p> <p>9 revenues were being projected as part of the plan</p> <p>10 and what revenues were being projected as part of</p> <p>11 the budget, because there were revenues in the</p> <p>12 plan that weren't a part of the budget. So it was</p> <p>13 more to explain what was in the plan.</p> <p>14 Q. Well, if you go like down to the next</p> <p>15 sentence -- the next email in the chain is from</p> <p>16 you. Below that it says "Let's talk about this.</p> <p>17 There are some good reasons to keep this process.</p> <p>18 It keeps everyone in sync with what's in Plan of</p> <p>19 Adjustment."</p> <p>20 Do you see that?</p> <p>21 A. Yes.</p> <p>22 Q. And so from your view, was there a point</p> <p>23 in time when having the consensus revenue</p> <p>24 conference -- it might have been potentially</p> <p>25 discontinued?</p>	<p style="text-align: right;">Page 308</p> <p>1 JOHN W. HILL</p> <p>2 a revenue number that's there that you don't</p> <p>3 expect to have happen.</p> <p>4 Q. The consensus conference only looked at</p> <p>5 revenues for three years; correct?</p> <p>6 A. Right.</p> <p>7 Q. You never asked the consensus conference</p> <p>8 to check the revenue estimates that were in the</p> <p>9 E&Y forecasts beyond three years; correct?</p> <p>10 A. The purpose of the revenue conference</p> <p>11 was to come up with the revenues to be included in</p> <p>12 the budget. And that's -- yeah. That's what I</p> <p>13 asked them to do.</p> <p>14 Q. So the revenue conference, you never</p> <p>15 asked them to look at the E&Y estimates for the --</p> <p>16 going out ten years or 40 years to evaluate</p> <p>17 whether those estimates were reliable; correct?</p> <p>18 A. No, I never asked them to do that.</p> <p>19 Q. Conway MacKenzie also participated in</p> <p>20 the consensus revenue group; correct?</p> <p>21 A. I believe at some of the meetings --</p> <p>22 because there were a number of meetings they were</p> <p>23 there. I wasn't -- I wasn't in all of the</p> <p>24 meetings myself, but there were some that they</p> <p>25 were there.</p>

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<p style="text-align: right;">Page 309</p> <p>1 JOHN W. HILL</p> <p>2 Q. Were there other advisers involved in</p> <p>3 the litigation that were present at the revenue</p> <p>4 conference proceedings --</p> <p>5 MR. STEWART: Objection -- objection.</p> <p>6 BY MR. SMITH:</p> <p>7 Q. -- other than Conway MacKenzie and</p> <p>8 Ernst & Young?</p> <p>9 A. Conway MacKenzie and Ernst & Young were</p> <p>10 involved. I don't know of other consultants that</p> <p>11 were involved.</p> <p>12 (Exhibit Hill-22 was marked for</p> <p>13 identification.)</p> <p>14 BY MR. SMITH:</p> <p>15 Q. I'm going to hand you what's been marked</p> <p>16 as Exhibit 22, a copy of a judgment. Can you tell</p> <p>17 me anything about that judgment? Or do you have</p> <p>18 no information about it?</p> <p>19 A. I don't know anything about this</p> <p>20 judgment.</p> <p>21 (Exhibit Hill-23 was marked for</p> <p>22 identification.)</p> <p>23 BY MR. SMITH:</p> <p>24 Q. And I'm going to hand you a copy of</p> <p>25 Exhibit 23. Can you let me know if you have</p>	<p style="text-align: right;">Page 311</p> <p>1 JOHN W. HILL</p> <p>2 Q. And are those the judgments --</p> <p>3 Exhibit 22 and 23, are those the judgments where</p> <p>4 the City ended up raising property tax to pay</p> <p>5 them?</p> <p>6 A. Yes. I believe they are.</p> <p>7 Q. You see, for example, Exhibit 23 was for</p> <p>8 \$74 million?</p> <p>9 A. Yes.</p> <p>10 Q. And how much was the other one?</p> <p>11 A. This was the 111 million.</p> <p>12 Q. 111 million; is that correct?</p> <p>13 MR. STEWART: Is it 22 or 23?</p> <p>14 MR. SMITH: 22.</p> <p>15 THE WITNESS: I don't know this one.</p> <p>16 BY MR. SMITH:</p> <p>17 Q. Mr. Hill, do you use your private email</p> <p>18 for work-related matters?</p> <p>19 A. No. There may have been occasions</p> <p>20 where, because I'm using my phone, that I might be</p> <p>21 typing an email. On the iPhone, you flip through</p> <p>22 the email accounts before you send it. So there</p> <p>23 may have been an occasion where I've used it. But</p> <p>24 I don't routinely use my private email.</p> <p>25 Q. You've got an email account that's</p>
<p style="text-align: right;">Page 310</p> <p>1 JOHN W. HILL</p> <p>2 any --</p> <p>3 MR. MOSS: Sorry. Exhibit what?</p> <p>4 MR. SMITH: Exhibit 23.</p> <p>5 BY MR. SMITH:</p> <p>6 Q. Can you let me know if you have any</p> <p>7 information about that judgment.</p> <p>8 MR. STEWART: You gave me one that</p> <p>9 has -- it's highlighted. Not that I object,</p> <p>10 but I don't know if you gave me your copy.</p> <p>11 MR. SMITH: My highlighting will be</p> <p>12 fascinating.</p> <p>13 (Simultaneous cross-talk.)</p> <p>14 MR. STEWART: I didn't want to get one</p> <p>15 that had any of your work product on it.</p> <p>16 BY MR. SMITH:</p> <p>17 Q. Mr. Hill, can you tell me anything about</p> <p>18 the judgment in Exhibit 23?</p> <p>19 A. I don't know these judgments</p> <p>20 specifically, I mean, the purpose of the</p> <p>21 judgments.</p> <p>22 Q. Do you know anything about these</p> <p>23 judgments?</p> <p>24 A. I believe that these are the judgments</p> <p>25 that -- where there was a demand payment.</p>	<p style="text-align: right;">Page 312</p> <p>1 JOHN W. HILL</p> <p>2 jhill@hillgroup.com?</p> <p>3 A. Yes.</p> <p>4 Q. And don't you use that for work-related</p> <p>5 matters?</p> <p>6 A. I have -- I've used that mostly when I</p> <p>7 was on -- when I was doing the work as a</p> <p>8 consultant, so there may be some emails in there.</p> <p>9 I've tried to use my Detroit email only for</p> <p>10 business as CFO.</p> <p>11 Q. And you've got another personal email</p> <p>12 account; is that correct?</p> <p>13 A. I have several other personal email</p> <p>14 accounts.</p> <p>15 Q. Okay. Have any of your personal email</p> <p>16 accounts been searched for relevant documents in</p> <p>17 this case?</p> <p>18 A. I don't know what's been searched. I</p> <p>19 don't know.</p> <p>20 Q. Were there any other relevant aspects of</p> <p>21 the Washington, D.C., experience that we haven't</p> <p>22 talked about?</p> <p>23 MR. STEWART: Objection.</p> <p>24 THE WITNESS: Yes.</p> <p>25 BY MR. SMITH:</p>

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